



ENTERPRISE ZONE INFORMATION PACKET

Revised - January 2007



Wheaton Redevelopment Program
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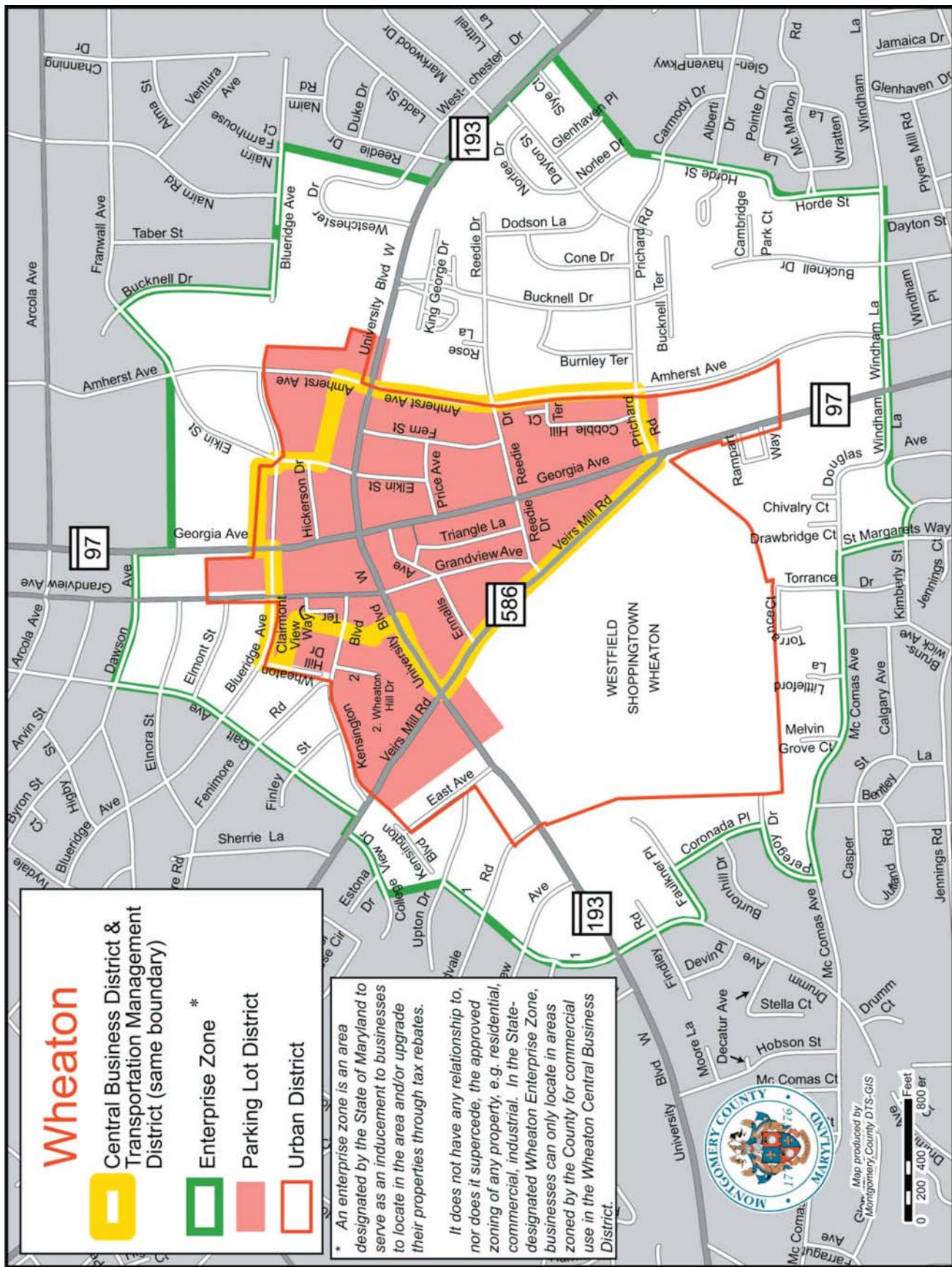
Wheaton Enterprise Zone

The Wheaton Enterprise Zone (WEZ) was designated by the State of Maryland on December 15, 1998. The WEZ comprises the Wheaton Central Business District (CBD) and the surrounding area from Windham Lane on the south to Dawson Avenue on the north, from College View Drive on the west to the park on University Boulevard East opposite Easecrest Drive on the east. (See Map on Page 2.)

Where the WEZ boundary is shown in the rights-of-way of Hillsdale Drive, College View Drive, Veirs Mill Road, Galt Avenue, Dawson Avenue, Georgia Avenue, Elkin Street, Bucknell Drive, Blueridge Drive, University Boulevard, Horder Street, Windham Lane, Kimberley Street, Saint Margarets Way, Mc Comas Avenue, Peregoy Drive, Coronada Place, Faulkner Place, and Drumm Avenue, the properties contiguous to the rights-of-way of these streets are included in the zone. Businesses and owners of commercial property in the WEZ area may be eligible for employment and property tax credits if they meet the requirements for eligibility.

This packet contains the following information and documents:

- A map of the Wheaton Enterprise Zone (Page 2).
- A description of the State Enterprise Zone Program, including the tax credits that are available by locating in an Enterprise Zone and the requirements that must be met (Pages 3 – 7).
- Application and reporting forms that businesses and property owners are required to submit in order to be certified as eligible for the tax credits (Pages 8 – 11).
- The addresses and phone numbers of State and County officials who can provide additional information on the various elements of the enterprise zone program (Page 12).
- Executive Regulations No. 3-99AM, adopted June 29, 1999, for administration of the Wheaton Enterprise Zone. These regulations include the additional local criteria for eligibility of enterprise zone businesses and property owners to obtain tax credits, and the procedures for application (Pages 13 – 20).



THE ENTERPRISE ZONE PROPERTY TAX CREDIT

What is the Property Tax Credit Available in the Enterprise Zone?

The Enterprise Zone Real Estate Property Tax Credit is an incentive for businesses to locate or expand facilities in a designated enterprise zone. For either a new or an expanding business which meets the eligibility requirements, the amount of the credit is 80% of the taxes due on any expansion, renovation or capital improvement in the property over the first five years. For the subsequent five years, the credit decreases 10% annually (70%, 60%, 50%, 40%, 30%). After ten years of property tax credits, the property is returned to the tax rolls at its full assessed value. The Enterprise Zone Executive Regulations explain the eligibility requirements (Pages 13 – 20).

Let's take an example. A commercial building with an assessment of \$150,000 (the *base year* assessment) is modernized and expanded. As a result of this investment, the assessment increases to \$200,000- an increase of \$50,000. Eighty percent (80%) of this increase will not be taxed for five years. Therefore, \$40,000 is initially eligible for the credit. If the county tax rate were \$2.00 per hundred dollars of assessed value, the tax savings for the first year is 2% times \$40,000 or \$800.

Does this credit apply to the State property tax levy?

No. The State property tax is not eligible for the enterprise zone property tax credit.

What if property values rise and my assessment increases?

The property tax credit is the difference between the *base year* assessment and the current tax year assessment. If the assessment on our example increased in the third year to \$250,000, the assessment subject to the credit would be \$100,000 (\$250,000 minus \$150,000). If the tax rates remained \$2.00 per hundred dollars of assessed value, the tax savings would be \$1,600 for that year. However, a qualifying capital improvement (defined in the Executive Regulations) must be made in order to be eligible for the initial and subsequent credits.

Any new construction assessed in the tax year immediately preceding the tax year for the first credit is excluded from the base year assessment.

How does a property owner meet the eligibility requirements for property tax credit?

The property owner must make a qualifying capital investment in order to be eligible for the initial and subsequent property tax credits. The Executive Regulations define the minimum qualifying capital investment and other eligibility criteria.

What must a property owner do in order to receive the property tax credit?

The property owner must apply to the Wheaton Redevelopment Program (WRP) for certification on a form included in this packet (Page 10). The WRP in turn notifies the Maryland Department of Assessments and Taxation that the individual property meets all state and local eligibility requirements. In order to receive the tax credit on the next July 1 tax bill, the property owner must apply by December 10 in order for the WRP to certify the property's eligibility before January 1.

Can a property owner find out in advance whether or not a proposed capital investment will qualify for property tax credit?

Yes. The property owner may file a pre-certification application. In this case, the Administrator will notify said applicant that his/her proposed capital investment will qualify (if it meets the criteria for a minimum qualifying capital investment) if the improvements are made. The property owner will still have to file an application for certification once the improvements are made.

When does the property tax credit take effect?

The tax credit is granted on whole taxable years only. A property owner would have to pay any partial-year levy tax bills should the qualifying capital improvement be assessed as complete before July 1 of the first year of eligibility. The property owner will then receive the tax credit for ten full years.

What if the property is leased?

The property owner may directly seek certification for improvements he/she makes to the property. However, a problem often occurs because the law provides that only owners of the property can receive the benefit. In reality, it is often the lessee that actually pays for the capital improvements. Firms leasing property in the enterprise zone may wish to review the tax “pass through” provisions of their lease before proceeding with capital improvements. It may be prudent and necessary to renegotiate the lease agreement before committing to assessable improvements to real estate. Property owners receiving tax credit are required to notify tenants and other interested third parties.

Can I receive property tax credit for simply purchasing a property in the enterprise zone?

No. Eligibility for the enterprise zone property tax credit requires a minimum capital improvement in the property.

THE ENTERPRISE ZONE EMPLOYMENT TAX CREDITS

What is the Employment Tax Credit?

Maryland's Enterprise Zone Program provides special tax incentives to attract businesses from outside Maryland to locate in an enterprise zone and to encourage businesses in an enterprise zone to hire additional, full-time workers. The incentives are credits against taxes which are more valuable than deductions because credits are subtracted directly from income tax liability. There are actually two types of employment tax credits for firms in an enterprise zone: a general employment tax credit and a larger employment tax credit for economically disadvantaged employees.

General Employment Tax Credit: This credit is available to a business for any worker who meets the requirements of employment in the enterprise zone. This is a one-time, \$1,000 income tax credit per new worker.

Employment Tax Credit for Economically Disadvantaged Employees: This income tax credit is available for hiring economically disadvantaged employees to fill newly created positions in the enterprise zone. This credit can total \$6,000 per worker over a three-year period.

How much credit does a business receive?

1. The general employment tax credit is an income tax credit of \$1,000 for each qualified new employee hired to fill a newly created position in the enterprise zone.
2. The income tax credit for economically disadvantaged employees is for a three-year period for each qualified employee, earned at the following rates:
 - \$3,000 the first year,
 - \$2,000 the second year,
 - \$1,000 the third year.

In order to receive the full \$6,000 tax credit, an economically disadvantaged employee must remain in the position for three years. However, if the disadvantaged employee leaves the firm and is replaced by another employee who is also certified as disadvantaged, the firm may take the remainder of the credit as if the original employee had remained.

How do I know I can claim an enterprise zone employment tax credit?

1. *Local Firm Certification Requirement.* Not every business located in an enterprise zone is eligible to claim the employment tax credit. In order to claim the credit, the business must be certified by the Administrator as eligible for the credit. The Enterprise Zone Executive Regulations (Pages 13 – 20) include certain requirements for certification beyond those in state law. Therefore, it is very important for a firm considering location in the enterprise zone or expansion of its workforce to understand these local regulations.
2. *Other General State and County Requirements.* The following requirements apply to both the general employment tax credit and the employment tax credit for hiring economically disadvantaged employees:
 - a. The employee must have been hired after the business was located in the zone or after the zone was designated;
 - b. Since January 1, 2001, eligible employees must earn at least 150 percent of the current federal minimum wage in effect. As an example, the current minimum wage is \$5.15 per hour. Therefore, an eligible employee must earn at least \$7.73 per hour.
 - c. The employee must have been employed for at least 35 hours each week for six months before or during the taxable year for which the credit is taken (prior to January 1, 2001 the standard was 25 hours);
 - d. The employee must spend half of all work time in the zone or in activity related to the zone;
 - e. The employee must have been hired to fill a new position. That is, the firm's number of full-time positions must increase by the number of credits taken;
 - f. The business must show a net increase of at least 35 work hours (25 prior to January 1, 2001) per week for each tax credit sought; the business may be required to document this employment on time sheets and payroll documents; and
 - g. The business must show an increase of 5% employment to a minimum of one (1) new employee.
3. *Requirements for Economically Disadvantaged Employees.* In order to claim the larger tax credit for hiring an economically disadvantaged employee to fill a newly created position, the firm must obtain a certification of eligibility for each such employee. This certification is provided by the Maryland Job Service, Department of Labor, Licensing and Regulation (phone 301-929-4377).

What if a firm relocates into an enterprise zone?

If a firm relocates from one site in Maryland into an enterprise zone, its base employment remains the same as it was at the previous site. However, if the firm's total employment increases, then the new positions may be eligible for the enterprise zone employment tax credits. A firm moving from outside the State into an enterprise zone is considered to be a new Maryland business, and therefore would be eligible to claim credit for all of its employees.

Can these two types of employment tax credits be combined?

You cannot receive both the general and economically disadvantaged employment tax credits for the same individual. However, you may be able to combine an enterprise zone tax credit with another state income tax credit. This credit has no effect on eligibility for any federal income tax credit and vice versa.

What if I do not have enough income tax liability to use all of the credit?

If the tax credits exceed the tax imposed for that year, they may be applied to the next year's taxes until the credit is used or five tax years have passed.

How do I claim the enterprise zone employment tax credit?

Maryland Tax Form 500CR is used to claim this credit after being certified by the WRP as eligible. Simply fill it out and include it in your state tax return. Also, note that the credit is taken against the state income tax only. It is not taken against the County income tax "add-on."



WHEATON ENTERPRISE ZONE

APPLICATION FOR CERTIFICATION OF ELIGIBILITY - INCOME TAX CREDITS

THIS APPLICATION SHOULD BE RECEIVED BY THE ADMINISTRATOR AT LEAST **30 DAYS BEFORE**
THE DUE DATE OF THE INCOME TAXES FOR WHICH THE CREDIT IS BEING SOUGHT

1. Name of Firm _____ 2. FOR TAX YEAR (For Which Certification is Sought) _____
3. Contact Person/Title _____ 4. Phone _____
5. Address in Zone _____ 6. How Long in Zone? _____
7. Prior Address _____
8. Legal Status: Corporation _____ Proprietorship _____ Partnership _____ Other _____
9. Type of Business _____ 10. North American Industrial Classification (NAICS.)
Code: _____ (www.census.gov/epcd/www/naicsect.htm)

TAX IDENTIFICATION NUMBERS: 11. Central Registration No. (State) _____
12. Personal Property Tax No.(State) _____

	<u>A</u> In Enterprise Zone (*2)	<u>B</u> At Previous Location Outside Maryland	<u>C</u> At Previous Location In Maryland
13. Total Number of Full-Time (*1) Employees			
FILL IN COLUMN "A";	Use columns "B" and "C" only if jobs were moved to Wheaton during the period.		
a. Before December 15, 1998 [baseline].	() jobs . .	() jobs . . .	() jobs
b. In year firm moved into Wheaton Enterprise Zone.	jobs . .	jobs	jobs
c. Tax year for which certification is sought	jobs . .	jobs	jobs
d. Previous tax year (highest point)	jobs . .	jobs	jobs

(*1) Working at least 35 hours per week and for six (6) months in the tax year for which the credit is applied for (25 hours prior to 1/1/01).
(*2) Employees must earn at least 150% of federal minimum wage and spend at least 50% of their working hours in Wheaton Enterprise Zone locations.

14. Number of Full-Time Economically Disadvantaged Employees (*3)			
FILL IN COLUMN "A";	Use columns "B" and "C" only if jobs were moved to Wheaton during the period.		
a. Before December 15, 1998 [baseline]	() jobs . .	() jobs	() jobs
b. In year firm moved into Enterprise Zone	jobs . .	jobs	jobs
c. Tax year for which certification is sought	jobs . .	jobs	jobs
d. Previous tax year	jobs . .	jobs	jobs

(*3) As certified by the Maryland Job Service, Department of Labor, Licensing and Regulation.

15. Maryland State Income Tax Credits to be applied for, based on the above information and Maryland Tax Form 500CR

- Economically Disadvantaged (ED) Employees: a) Number 1st Year _____ (from line 14c)
b) Number 2nd Year _____ (from line 14d)
c) Total ED Employees _____ [a+b above]
- Other Qualified Employees (subtract line 13d, column A from line 13c, column A).....d) Number _____
- TOTAL Qualified Employees _____ e) Number _____ [c+d]

16. I hereby certify that I am authorized to act on behalf of the above applicant firm and attest that the above information is true.

(A) I understand the applicant firm may be required to submit documentation in the form of payroll records and employee time sheets to verify the above information. (B) The applicant firm is supporting or pledges to support transportation management activities, such as employee awareness programs, etc. (C) I understand that failure to comply with the Montgomery County or State Enterprise Zone regulations, including submission of **Annual Employment Report and Notice of Tax Credits Received** may result in decertification of eligibility. (D) I further Certify that the applicant is current with respect to payment of income and personal property taxes, and **authorize the Comptroller to disclose state income tax information** for the years 1998 to present for Montgomery County.

17. _____
Authorized Official (Type or Print) Title

Signature of Authorized Official Date

WHEATON ENTERPRISE ZONE
RECERTIFICATION OF ELIGIBILITY - INCOME TAX CREDITS

ANNUAL EMPLOYMENT REPORT AND NOTICE OF TAX CREDITS RECEIVED

*THIS REPORT SHOULD BE RECEIVED BY THE ADMINISTRATOR BY **DECEMBER 10** OF THE REPORTING TAX YEAR INDICATED BELOW. FAILURE TO SUBMIT THIS FORM MAY RESULT IN DECERTIFICATION OF ELIGIBILITY.*

1. Name of Firm _____ 2. FOR REPORTING TAX YEAR _____
3. Contact Person/Title _____ 4. Phone: _____
5. Address in Zone _____

6. Total Number of Full-Time Employees (*1)	In Enterprise Zone (*2)	Previous Location Outside Maryland
a. Before December 15, 1998 (base)	()	()
b. Reporting tax year	_____	_____
c. End of previous tax year	_____	_____
d. Total payroll, reporting tax year	\$ _____	\$ _____
e. Total payroll, previous tax year	\$ _____	\$ _____

(*1) Working at least 35 hours per week and for six (6) months in the tax year for which the credit is applied for (25 hours prior to 1/1/01).

(*2) Employees must earn at least 150% of federal minimum wage and spend at least 50% of their working hours in Wheaton Enterprise Zone locations.

7. Number of Full-Time Economically Disadvantaged Employees (*3)

a. As of December 15, 1998 (base)	()	()
b. As of Date of this report	_____	_____
c. For all of this tax year	_____	_____
d. For all of previous tax year	_____	_____

(*3) As certified by the Maryland Job Service, Department of Labor, Licensing and Regulation.

8. Maryland State Income Tax Credits Received (from Maryland Form 500CR) for Tax Year:

		pre-2001	200__
a. <u>Economically Disadvantaged</u> (ED) Employees:	Number 1st Year _____	Credit \$ _____	Credit \$ _____
	Number 3rd Year _____	Credit \$ _____	Credit \$ _____
	Total ED Workers _____	Credit \$ _____	Credit \$ _____
b. <u>Other</u> Qualified Employees	Number _____	Credit \$ _____	Credit \$ _____
c. TOTAL Qualified Employees (Total ED plus Other). . .	Number _____	Credit \$ _____	Credit \$ _____

9. I hereby certify that I am authorized to act on behalf of the above applicant firm and attest that the above information is true. I understand that the applicant firm may be required to submit documentation in the form of payroll records and employee timesheets to verify the above information. I understand that failure to comply with local and State Enterprise Zone regulations, including **submission of this Employment Report and Notice of Tax Credits Received** may result in decertification of eligibility.

10. _____
Authorized Official (Type or Print) Title

Signature of Authorized Official Date

Wheaton Redevelopment Program 2424 Reddie Drive Suite 220 Wheaton, MD 20902 (240)777-8121

WHEATON ENTERPRISE ZONE

APPLICATION FOR CERTIFICATION OF ELIGIBILITY - PROPERTY TAX CREDITS

PROPERTY OWNERS SEEKING PROPERTY TAX CREDIT ON THE NEXT APPLICABLE
JULY 1 TAX BILL MUST SUBMIT THIS APPLICATION BY **DECEMBER 10** OF THE PRECEDING YEAR

1. Address and Name of Property in Enterprise Zone Where Improvements
Have Been Made or Will be Made (Attach copy of certificate of occupancy if presently occupied):

2. (a) APPLICATION FOR
TAX YEAR _____
2. (b) TAX ACCOUNT NO.

3. Application for: (a) PRE-CERTIFICATION [] or (b) CERTIFICATION []. **See Instructions below.**

4. Name of Property Owner _____ 5. Firm _____
6. Address _____ 7. Telephone _____

8. Total full-time employment: Current: _____ As of December 31 of the previous year: _____

9. Present Assessed Value of Above Property (on which Property Tax is calculated) \$ _____

10. Description of Improvements Qualifying for Minimum Capital Investment in Accordance with Section 6.2.2 of the Wheaton
Enterprise Zone Executive Regulations (Attach Certificate of Costs) _____

11. Date of Start of Above Improvements _____
12. Date of Completion of Above Improvements _____

	<u>Renovations</u>	<u>New Construction</u>
13. Amount of Capital Investment in Building Completed or Projected	\$ _____	\$ _____
14. Amount of Capital Investment in Other Qualifying Improvements	\$ _____	\$ _____
15. Total Amount of Capital Investment Completed or Projected (lines 12 + 13)	\$ _____	\$ _____
16. Total Building Floor Area Improved or to be Improved (Sq. Ft.)	_____ Sq.Ft.	_____ Sq.Ft.
17. Total Capital Investment per Sq. Ft. of Floor Area Improved (Line 14/Line 15)	\$ _____	\$ _____
18. Total Floor Area of Building (Sq. Ft.)	_____	_____
19. Percent of Building Improved (Line 15/Line 17)	_____ %	_____ %

20. I hereby certify that I am the legal owner of the property improved or projected to be improved, and the above information is true.

I understand that failure to comply with local and State Enterprise Zone regulations may result in decertification of eligibility.

21. _____
Name of Property Owner (Type or Print) Signature of Property Owner/Corporate Title Date

Instructions for Items 3(a) and 3(b): Property owners who file for pre-certification will receive a pre-certification notice from the Administrator that they will be certified as eligible if the criteria for minimum qualifying capital investment are met and if the improvements are made and application is filed. This notice is not a certification. To qualify for the tax credit on the next applicable tax bill, an application for certification must be filed by **December 10** of the preceding year.

WHEATON ENTERPRISE ZONE

REPORT ON PROPERTY TAX CREDIT RECEIVED

THIS FORM SHOULD BE RECEIVED BY THE ADMINISTRATOR

WITHIN 30 DAYS OF PAYMENT OF PROPERTY TAXES FOR THE TAX YEAR CREDIT IS RECEIVED

FAILURE TO SUBMIT THIS FORM MAY RESULT IN DECERTIFICATION OF ELIGIBILITY

1. DATE _____ 2-a. REPORT FOR TAX YEAR _____ 2-b. TAX ACCOUNT NUMBER _____

3. Name of Property Owner _____ 4. Firm _____

5. Address _____ 6. Telephone _____

7. Total full-time employment: Current _____ As of December 31 of previous year _____
Address of Property for which Property Tax Credit was Received: _____

8. Description of improvements qualifying for Minimum Capital Investment in Tax Year in accordance with Section 6.2.2 of the Wheaton Enterprise Zone Executive Regulations _____

9. Date of Start of Capital Investment in Above Improvements _____

10. Date of Completion of Capital Investment In Above Improvements _____

	<u>Renovations</u>	<u>New Construction</u>
11. Amount of Capital Investment in Building Completed	\$ _____	\$ _____
12. Amount of Capital Investment in Other Qualifying Improvements Completed	\$ _____	\$ _____
13. Total Amount of Capital Investment Completed	\$ _____	\$ _____
14. Total Building Floor Area Improved (Sq. Ft.)	_____	_____
15. Total Capital Investment per Sq. Ft. of Floor Area Improved (Line 13/Line 14)	\$ _____	\$ _____
16. Total Floor Area of Building (Sq. Ft.)	_____	_____
17. Percent of Building Improved (Line 14/Line 16)	_____ %	

18. Assessed value of property **prior** to reassessment resulting from qualifying improvements (Base Assessment) \$ _____

19. **Present** assessed value of property \$ _____

20. PROPERTY TAX CREDIT RECEIVED \$ _____

21. Tenants in improved building area:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

22. I hereby certify that I am the legal owner of the property improved, that the above information is true, I have received a property tax credit as indicated above, and I have notified tenants and third parties in accordance with section 4.2.7 of the Wheaton Enterprise Zone Executive Regulations.

23. _____
Name of Property Owner (Type or Print) Signature of Property Owner Date

Wheaton Redevelopment Office 2424 Reddie Drive Suite 220 Wheaton, MD 20902 (240)777-8121

FOR MORE INFORMATION:

**Wheaton EZ requirements and application procedures:
240-777-8126**

Peter McGinnity, Enterprise Zone Administrator
Wheaton Redevelopment Office
2424 Reddie Drive Suite 220
Wheaton, MD 20902

Or, for Long Branch Enterprise Zone: 240-777-3690

Roylene Roberts, Enterprise Zone Administrator
Department of Housing and Community Affairs
100 Maryland Avenue
Rockville, MD 20850

Or, for Silver Spring Enterprise Zone: 301-565-7366

Melvin Tull, Enterprise Zone Administrator Silver
Spring Regional Center
8435 Georgia Avenue
Silver Spring, MD 20910

Assessment procedures in the Enterprise Zone: 301-279-1431

John Brennan, Assistant Supervisor of Assessments
State Department of Assessment and Taxation
Montgomery County
51 Monroe Street, Fourth Floor
Rockville, MD 20850

Or

Robert Young, Associate Director
State Dept. of Assessment and Taxation
Special Programs
300 West Preston Street
Baltimore, MD 21201-2395
Tel. 410-767-1191

State Enterprise Zone Program: 410-767-4980

Stacy Kubofcik, Enterprise Zone Administrator
Office of Business and Economic Research
Division of Marketing
Maryland Department of Business and Economic Development
217 E. Redwood Street, 11th Floor
Baltimore, Maryland 21202

Employment Tax Credit Information: 410-260-7021

Dolly Kemmerer, Manager
Taxpayer Services
80 Calvert Street, RAC 400
Annapolis, MD 21401

Or

William Harper, Manager
Comptroller's Wheaton Branch Office
11510 Georgia Ave, Suite 190
Wheaton, MD 20902
Tel. 301-949-6030

Certification of Economically Disadvantaged Employees: 410-767-2080

Belinda Duncan, WOTC Supervisor
Maryland Department of Labor, Licensing and Regulation
Employment Services
1100 N. Eutaw Street, Room 209
Baltimore, MD 21201-2201



Montgomery County Executive Regulation

Offices of the County Executive – 101 Monroe Street, Rockville, Maryland 20850

Subject Executive Regulations – Wheaton Enterprise Zone

Number 3-99AM

Originating Department Economic Development

Effective Date June 29, 1999

Montgomery County Regulation on:

Administration of the Wheaton Enterprise Zone

DEPARTMENT OF ECONOMIC DEVELOPMENT

Issued by: County Executive

Regulation No. **3-99AM**

Authority: Maryland Annotated Code, Article 83A, Sections 5-401 et seq.

Montgomery County Code, Sections 2A-14 and 2-64L

Council Review: Method (a) Under Code Section 2A-14

Volume 16, Issue 3

SUMMARY:

This regulation establishes policies and procedures for the administration of the Wheaton Enterprise Zone and eligibility criteria for enterprise zone benefits.

ADDRESS:

Director, Department of Economic Development
101 Monroe Street, Suite 1500
Rockville, Maryland 20850

STAFF CONTACT: Nancy Gasko, (240) 777-8126

BACKGROUND INFORMATION:

Maryland Annotated Code, Article 83A, Sections 5-401 et seq., authorizes the establishment of Enterprise Zones under certain circumstances. By County Council Resolution No. 13-1457, adopted October 13, 1998, the County Council consented to the County's application to designate the Wheaton Central Business District Policy Area as the Wheaton Enterprise Zone. The State of Maryland approved the County's application effective December 15, 1998. These policies and procedures establish the qualifying criteria for the determination and certification of eligibility of businesses and/or commercial property located in the boundaries of the Wheaton Enterprise Zone for property or employment tax credits made available under the Maryland Enterprise Zone Program, and sets forth the process for certification by the County. Determination of eligibility for tax credits under this program shall be done in a fair and equitable manner, open to public scrutiny, in accordance with the policies and procedures herein.

Section 1.

Purpose.

1.0 The Wheaton Enterprise Zone is established to accomplish the following purposes:

1.0.1 Reinforce the Wheaton Marketplace by preserving the existing scale of development and retaining as much of the mix of goods and services as possible.

1.0.2 Encourage the creation of new jobs and new business investment. Efforts should be focused on encouraging retention of existing companies by improving their profitability, as well as on recruiting new businesses to Wheaton.

1.0.3 Encourage redevelopment in the Metro Center area and moderate expansion of Wheaton Plaza and in the Marketplace.

1.0.4 Encourage redevelopment in the Metro Center area with a high intensity of mixed uses and activities, including office. Wheaton Plaza, a major regional retail center, should be strengthened.

1.0.5 Improve the attractiveness of downtown Wheaton as a place to do business while protecting existing neighborhoods.

1.0.6 Promote revitalization of older properties and combine a number of programs to reduce deterioration.

1.0.7 Strengthen Wheaton as the downtown for the Mid-County Region. Encourage a mix of uses and activities that promote a 24-hour living environment by providing housing opportunities, neighborhood convenience retail alongside viable comparison shopping, community services, recreational, and cultural amenities.

1.0.8 Reinforce the County's other initiatives in Wheaton. Bringing new economic vitality to Wheaton will require a broad-based effort. While there is no single solution to the area's many challenges, the Enterprise Zone is one positive step to complement local incentives and initiatives available through the County.

1.1 Priorities for Development are as follows.

1.1.1 There has been an impressive history of public efforts over the years to maintain the economic health and viability of the Wheaton CBD. These efforts range from mass transit projects to an expansive program of streetscaping and public parking. All of these efforts have been aimed at providing incentives for businesses to remain in the downtown and to attract new businesses to the area.

1.1.2 A comprehensive revitalization effort recognizes the inter-relationship between economic development and community conservation and calls for a partnership involving the business and residential communities as well as several County agencies. Montgomery County's Wheaton Enterprise Zone is part of that comprehensive revitalization strategy.

1.1.3 Among the priorities for development of this comprehensive revitalization strategy are the following initiatives: .

1.1.3.1 Complete current revitalization efforts;

1.1.3.2 Continue vigorous building code enforcement;

- 1.1.3.3 Evaluate existing economic development programs and initiatives;
- 1.1.3.4 Consider development of new local initiatives and incentives;
- 1.1.3.5 Strengthen the businesses in the downtown Wheaton area;
- 1.1.3.6 Implement an aggressive, targeted marketing program designed to package and promote the benefits of locating or expanding a business in Wheaton;
- 1.1.3.7 Develop and implement a comprehensive business assistance program;
- 1.1.3.8 Encourage the creation of new jobs and new business investment; and,
- 1.1.3.9 Permit some growth-redevelopment in the Metro Center area and moderate expansion of Wheaton Plaza and in the Marketplace.

1.2 To restore Wheaton as the downtown for the Mid-County area by encouraging a mix of uses and activities that promote a living environment by providing neighborhood convenience and comparison retail as well as other businesses along with community services, recreational, and cultural amenities.

Section 2

Applicability.

2.1 These policies and procedures apply to all property owners and employers located within the boundaries of the Wheaton Enterprise Zone (the Zone) who meet the eligibility requirements and qualification standards established by this Executive Regulation during the period when the Zone is in effect.

Section 3

Definitions.

3.1 Administrator. The Administrator of the Local Enterprise Zone is the Director, Montgomery County Department of Economic Development or the Director's designee.

3.2 Capital Investment. The investment in property improvement defined as a capital expense by the Internal Revenue Service in Publications 334 and 535. See Minimum Qualifying Capital Investment.

3.3 Certificate of Occupancy. The permit to occupy a building in Montgomery County issued by the Department of Permitting Services.

3.4 Economically Disadvantaged Person or People. A person or people certified as such by the Maryland Job Service, Department of Labor, Licensing and Regulation.

3.5 Employment Tax Credit. The credit on income tax that may be allowed for new Maryland employees hired in the Zone.

3.6 Enterprise Zone Program. The administration, policies and procedures established pursuant to Article 83A, Sections 5-401 et seq. the application filed October 15, 1998 by the County to the State of Maryland, and these Executive Regulations for determination and certification of eligible property owners and employers to receive

applicable tax credits in accordance with the requirements for eligibility set forth herein for the Wheaton Enterprise Zone.

3.7 Minimum Qualifying Capital Investment. In accordance with section 6.2.2.2 through section 6.2.2.4, the minimum amount of property improvement that will qualify for real property tax credit.

3.8 Property Tax Credit. The credit that may be allowed on the increased assessment subsequent to capital investment in property in the Zone.

3.9 Wheaton Enterprise Zone, Referred to herein as the Zone, that portion of Wheaton, MD shown in the attached Figure 1 of the Montgomery County Enterprise Zone Application, dated October 15, 1998, and designated as such by the State of Maryland on December 15, 1998. The Zone boundary is also shown on the attached map.

3.10 Wheaton CBD Sector Plan. The Comprehensive Amendment to the Wheaton Central Business District Sector Plan approved by the Montgomery County Council on June 26, 1990 and adopted by the Maryland-National Capital Park and Planning Commission on September 13, 1990.

3.11 Standard Industrial Classification (S.I.C.) Code. The system generally used to classify commercial establishments by type of business in which they are engaged.

Section 4

Process and Administration.

4.1 Responsibilities of the Administrator. The responsibilities of the Administrator include:

4.1.1 Determining the eligibility of the businesses and/or property owners for the tax credits under the Enterprise Zone Program.

4.1.2 Notifying the State Department of Assessment and Taxation and the Montgomery County Department of Finance that the applicant is eligible for property tax credits in accordance with the Enterprise Zone Program.

4.1.3 Providing certification to the applicant of eligibility for income tax credits in accordance with the Enterprise Zone Program within 60 days of the receipt of application. It is the responsibility of the applicant to file this certification of eligibility when filing the appropriate income tax form with the State.

4.1.4 Submitting an Annual Report to the Maryland Department of Business and Economic Development (MDBED) by January 15 of the calendar year following adoption of these Executive Regulations and each subsequent January 15, thereafter, so long as the Enterprise Zone Program is in effect. The Annual Report will be sent to the Montgomery County Council.

4.1.5 Acting as the principal point of contact between the public and the State of Maryland with respect to questions concerning the Enterprise Zone Program.

4.1.6 Developing applications for tax credits in the Zone.

4.1.7 Preparing a short fact sheet describing the Enterprise Zone and its benefits to business.

4.2 Application and Reporting Requirements. Property owners and/or businesses must complete separate applications for, and report annually on, property tax credits and employment tax credits on forms provided by the Administrator. The application(s) must provide evidence that all State and local qualification standards have been met. At a minimum, the application(s) must contain the following information:

4.2.1 Name and address of the business/property owner, type of business (corporation, partnership, etc.), and Standard Industrial Classification (S.I.C.) code.

4.2.2 For employment tax credit, previous address of the business, and number of employees at previous address if moving into the zone from another location.

4.2.3 For employment tax credit, total employment and verification of increases in employment wages paid for new jobs created in the Zone. The applicant may be asked to provide payroll documentation and employee time sheets for the period for which the tax credit is being applied or any other information the Administrator may deem necessary to determine eligibility or compliance with these regulations.

4.2.4 For the property tax credit, description and date of completion of the improvement, certification of the costs of the new construction or renovations and party responsible for payment thereof, a copy of certificate of occupancy if the area being improved is presently occupied, and any other information the Administrator may deem necessary to determine eligibility or compliance with these regulations.

4.2.5 Property owners seeking property tax credit on the next applicable July 1 tax bill must apply by December 10 of the preceding year in order for the Administrator to certify the property's eligibility by December 31 of the preceding year. A property owner may file an application for pre-certification of eligibility for property tax credit on a form provided by the Administrator prior to making the minimum qualifying capital investment in order to determine in advance whether such investment will be eligible. In this case, the Administrator will send a notice of pre-certification to the applicant. In no case will certification be granted until the minimum qualifying capital investment is completed.

4.2.6 Property owners receiving property tax credit must provide notice to the Administrator, on a form provided by the Administrator, of the dollar value of the tax credit, and provide notice of same to any tenant or other third party responsible for direct payment or reimbursement to the property owner for payment of such tax within 30 days of payment of property taxes for the tax year in which credit is applied.

4.2.7 A business seeking employment tax credit must apply for certification at least 30 days before the income taxes for which a credit is being applied are due, on a form provided by the Administrator, in order for the Administrator to certify the business is eligible for the tax credit. A copy of the certificate(s) of occupancy for the premises must accompany this form. Businesses receiving employment tax credit must provide notice of the tax credit, number of employees, and total wages paid for which the credit has been taken, to the Administrator, on a form provided by the Administrator, by December 10 of the tax year for which the credit is received.

4.2.8 Failure to submit information required in section 4.2 may result in a notification of incomplete application insufficient for determining eligibility. Failure to comply with the local and State Enterprise Zone regulations may result in decertification of eligibility for tax credit.

Section 5

General Conditions.

5.1 Property owners and businesses currently located within the boundaries of the Zone or new businesses that locate there must meet the qualification standards set forth in these Executive Regulations in order to be certified by the Administrator as eligible to receive tax credits under the Enterprise Zone Program. The following general condition must be met:

5.1.1 The business activity conducted on the property must constitute a legal use of the property. The property must be current with respect to payment of real property taxes and the business must be current with respect to payment of income and personal property taxes.

5.2 Any business entity located in the Zone before December 15, 1998 may not benefit from the tax credits and other incentives of the Enterprise Zone Program except with respect to any capital investment or expansion of its labor force occurring after December 15, 1998. Any new construction assessed in the tax year immediately preceding the tax year for the first credit is excluded from the tax assessment.

5.3 Property tax credits do not apply to Parking District Taxes and Urban District Taxes.

5.4 Location in the Zone or certification of eligibility for tax credit does not relieve property owners or businesses from building codes, zoning requirements and other regulations applicable to the property or business.

5.5 A property tax credit will only be applied against the amount of increase in a property tax assessment that results from a minimum qualifying capital investment.

Section 6

Eligibility Requirements and Qualification Standards.

6.1 Employment Tax Credit Qualification Standards. Businesses seeking employment tax credits must meet the following requirements.

6.1.1 State Standards.

6.1.1.1 The new employee(s) for which tax credits are sought must have been hired after the business was located in the Zone and after December 15, 1998. If a business relocates from another location in Maryland into the Zone, its base employment remains the same as it was at the previous site.

6.1.1.2 The new employee(s) must have worked in the business for at least 25 hours each week for six months before or during the taxable year for which the credit is

taken.

6.1.1.3 The new employee(s) must spend at least half of all work time in the Zone or in an activity related to the Zone.

6.1.1.4 The new employee(s) must have been hired to fill new positions. That is, the firm's number of full-time employees must increase by the number of credits taken.

6.1.1.5 In order to claim tax credit for hiring economically disadvantaged employees to fill newly created positions, the business must obtain a certification of eligibility for each employee provided by the Maryland Job Service, Department of Labor, Licensing and the economically disadvantaged employee must remain in the business for three years. However, if the disadvantage employee leaves the business and is replaced by another employee who is also qualified as disadvantaged, the business may take the remainder of the credit as if the original employee had remained.

6.1.2 Additional Local Standards.

6.1.2.1 When claiming tax credit(s) for hiring employees or relocating into the Zone from outside the State, the business must show a net increase of at least 25 work hours per week for each tax credit sought. The business may be required to document this employment on time sheets and payroll documents.

6.1.2.2 The business must show an increase in employees of five percent (5%) to a minimum of one (1) new employee.

6.2 Property Tax Credit Qualification Standards. Credits will apply to increased property tax based on an increase in the assessed value of the property. Benefits will be triggered by increased assessment subsequent to a minimum qualifying capital investment in property in the Zone. Property owners seeking property tax credits must meet the following requirements:

6.2.1 State Standards.

6.2.1.1 The tax credit is granted on whole taxable years only. A property owner will have to pay any partial-year levy tax bills should the property improvement be assessed as complete before July 1 of the first year of eligibility. The property owner will then receive the tax credit for ten full years. Tax credits will be calculated in accordance with Md. Code Ann., Tax Prop., Section 9-103.

6.2.2 Additional Local Standards.

6.2.2.1 Property owners must make a minimum qualifying capital investment in the property through sources other than government grants. A minimum qualifying capital investment may include improvements made with funds obtained through government loan programs.

6.2.2.2 The minimum qualifying capital investment is ten dollars (\$10) per square foot of building floor area improved, and at least 20 percent of the total building floor area must be improved.

6.2.2.3 The minimum qualifying capital investment may include off-site investment in state-of-the-art technology, such as installation of new fiber optic wiring

to the building, to meet modern standards, particularly those of technology-oriented companies.

6.2.2.4 The minimum qualifying capital investment may include off-site improvements, such as streetscape improvements, and on-site improvements such as new landscaping in parking lots to implement specific objectives of the Wheaton Sector Plan. These improvements must be part of a building construction or building improvement project.

6.2.2.5 Construction of new parking facilities or improvements to existing parking facilities are not eligible for tax credit, except where such parking facility is an integral part of the new building construction or improvement of an existing building.

(Administrative History: Reg. No. 3-99AM (Method 1); Orig. Dept.: Economic Development)